



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	912 700 836
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	WEST SUPPLY VII AS
Forretningsadresse:	Smedasundet 97B 5525 HAUGESUND

Regnskapsår

Årsregnskapets periode:	01.01.2019 - 31.12.2019
-------------------------	-------------------------

Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Anett Underhaug Våge
Dato for fastsettelse av årsregnskapet:	20.05.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 10.10.2021



Resultatregnskap

Beløp i: USD	Note	2019	2018
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad		60 149	42 903
Sum kostnader		60 149	42 903
Driftsresultat		-60 149	-42 903
Finansinntekter og finanskostnader			
Annen renteinntekt		4 490	2 567
Annen finansinntekt		108 634	114 349
Sum finansinntekter		113 124	116 916
Annen rentekostnad		3 775	3 481
Annen finanskostnad		6 771	1 912
Sum finanskostnader		10 546	5 393
Netto finans		102 578	111 523
Ordinært resultat før skattekostnad		42 429	68 620
Skattekostnad på ordinært resultat	7	9 337	15 789
Ordinært resultat etter skattekostnad		33 092	52 831
Årsresultat		33 092	52 831



Balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap		60 482 789	60 482 789
Sum finansielle anleggsmidler		60 482 789	60 482 789
Sum anleggsmidler		60 482 789	60 482 789
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	5	25 502	107 003
Andre fordringer	5	762	468
Sum fordringer		26 264	107 471
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		178 263	181 637
Sum bankinnskudd, kontanter og lignende		178 263	181 637
Sum omløpsmidler		204 527	289 108
SUM EIENDELER		60 687 316	60 771 897
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	3	43 928 655	43 928 655
Overkurs		16 549 020	16 549 020
Sum innskutt egenkapital		60 477 675	60 477 675
Opptjent egenkapital			



Balanse

Beløp i: USD	Note	2019	2018
Annen egenkapital		200 304	167 211
Sum opptjent egenkapital		200 304	167 211
Sum egenkapital		60 677 979	60 644 886
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Kortsiktig konserngjeld		0	111 221
Annen kortsiktig gjeld		9 337	15 789
Sum kortsiktig gjeld		9 337	127 010
Sum gjeld		9 337	127 010
SUM EGENKAPITAL OG GJELD		60 687 316	60 771 896



Konsernets resultatregnskap

Beløp i: USD	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		22 801 205	19 323 600
Sum inntekter		22 801 205	19 323 600
Kostnader			
Lønnskostnad	6	4 633 205	4 467 599
Avskrivning på varige driftsmidler og immaterielle eiendeler	1	5 653 524	5 653 524
Annen driftskostnad		3 249 635	3 075 519
Sum kostnader		13 536 364	13 196 642
Driftsresultat		9 264 841	6 126 958
Finansinntekter og finanskostnader			
Annen renteinntekt		534 313	331 064
Annen finansinntekt		815 949	148 615
Sum finansinntekter		1 350 262	479 679
Annen rentekostnad		4 413 550	3 620 832
Annen finanskostnad		2 249 893	2 128 738
Sum finanskostnader		6 663 443	5 749 570
Netto finans		-5 313 181	-5 269 891
Ordinært resultat før skattekostnad		3 951 660	857 067
Skattekostnad på ordinært resultat		243 387	344 752
Ordinært resultat etter skattekostnad		3 708 273	512 315
Årsresultat		3 708 273	512 315
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		3 708 273	512 315
Sum overføringer og disponeringer		3 708 273	512 315



Konsernets balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip	1,5	146 378 086	152 073 456
Sum varige driftsmidler		146 378 086	152 073 456
Sum anleggsmidler		146 378 086	152 073 456
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	5	4 278 016	4 945 968
Andre fordringer	5	474 162	343 559
Sum fordringer		4 752 178	5 289 527
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		17 430 322	13 727 157
Sum bankinnskudd, kontanter og lignende		17 430 322	13 727 157
Sum omløpsmidler		22 182 500	19 016 684
SUM EIENDELER		168 560 586	171 090 140
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	3	43 928 655	43 928 655
Sum innskutt egenkapital		43 928 655	43 928 655
Opptjent egenkapital			
Annen egenkapital		23 971 156	20 262 882



Konsernets balanse

Beløp i: USD	Note	2019	2018
Sum opptjent egenkapital		23 971 156	20 262 882
Sum egenkapital		67 899 811	64 191 537
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	5	98 925 000	104 525 000
Sum annen langsiktig gjeld		98 925 000	104 525 000
Sum langsiktig gjeld		98 925 000	104 525 000
Kortsiktig gjeld			
Leverandørgjeld		829 980	1 108 140
Betalbar skatt	7	243 387	344 752
Kortsiktig konserngjeld		0	19 619
Annen kortsiktig gjeld		662 409	901 092
Sum kortsiktig gjeld		1 735 776	2 373 603
Sum gjeld		100 660 776	106 898 603
SUM EGENKAPITAL OG GJELD		168 560 587	171 090 140



**Consolidated Financial
Statements 2019**

West Supply VII AS

Annual accounts
- Profit and loss statement
- Balance sheet
- Notes

Cash flow statement

Directors' report

Auditors' report



West Supply VII AS
Consolidated Financial Statements

West Supply VII AS			Group		
(Figures in USD)			(Figures in USD)		
31.12.2018	31.12.2019	Profit and Loss account as per	Notes	31.12.2019	31.12.2018
		Operating income			
<u>0</u>	<u>0</u>	Operating income vessel		<u>22 801 205</u>	<u>19 323 600</u>
		Operating expenses			
0	0	Payroll expenses	6	4 633 205	4 467 599
42 903	60 149	Other operating expenses		3 249 635	3 075 519
<u>0</u>	<u>0</u>	Depreciation	1	<u>5 653 524</u>	<u>5 653 524</u>
<u>42 903</u>	<u>60 149</u>	Total operating expenses		<u>13 536 364</u>	<u>13 196 642</u>
<u>-42 903</u>	<u>-60 149</u>	Operating profit		<u>9 264 841</u>	<u>6 126 958</u>
		Financial income and expenses			
2 567	4 490	Interest income		534 313	331 064
114 349	108 634	Other financial income		815 949	148 615
-3 481	-3 775	Interest expenses		-4 413 550	-3 620 832
<u>-1 912</u>	<u>-6 771</u>	Other financial expenses		<u>-2 249 893</u>	<u>-2 128 738</u>
<u>111 522</u>	<u>102 578</u>	Net finance result		<u>-5 313 181</u>	<u>-5 269 891</u>
<u>68 619</u>	<u>42 430</u>	Profit / - Loss before taxes		<u>3 951 660</u>	<u>857 067</u>
<u>15 789</u>	<u>9 337</u>	Tax on ordinary result	7	<u>243 387</u>	<u>344 752</u>
<u>52 830</u>	<u>33 093</u>	Profit /- Loss		<u>3 708 273</u>	<u>512 315</u>



West Supply VII AS
Consolidated Financial Statements

West Supply VII AS			Group	
(Figures in USD)			(Figures in USD)	
31.12.2018	31.12.2019	Notes	31.12.2019	31.12.2018
Balance Sheet as per				
ASSETS				
Intangible assets				
			0	0
		7	<u>0</u>	<u>0</u>
			0	0
Total intangible assets				
Tangible assets				
			0	0
			<u>0</u>	<u>0</u>
Total tangible assets				
		1, 5	146 378 086	152 073 456
			<u>146 378 086</u>	<u>152 073 456</u>
Total tangible assets				
Financial assets				
			0	0
		2, 5	<u>0</u>	<u>0</u>
			0	0
Total financial assets				
			146 378 086	152 073 456
			<u>146 378 086</u>	<u>152 073 456</u>
Total fixed assets				
Current assets				
			4 278 016	4 945 968
		5	4 278 016	4 945 968
			<u>4 278 016</u>	<u>4 945 968</u>
Trade debtors				
			0	0
		4	0	0
			<u>0</u>	<u>0</u>
Outstanding to group companies				
			474 162	343 559
		5	474 162	343 559
			<u>474 162</u>	<u>343 559</u>
Other short-term debtors				
			17 430 322	13 727 157
			<u>17 430 322</u>	<u>13 727 157</u>
Cash in hand and bank deposits				
			22 182 501	19 016 686
			<u>22 182 501</u>	<u>19 016 686</u>
Total current assets				
			168 560 587	171 090 141
			<u>168 560 587</u>	<u>171 090 141</u>
TOTAL ASSETS				



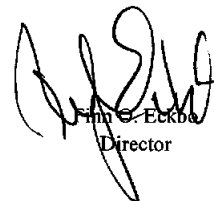
West Supply VII AS
Consolidated Financial Statements

West Supply VII AS			Group	
(Figures in USD)			(Figures in USD)	
31.12.2018	31.12.2019	Notes	31.12.2019	31.12.2018
Balance Sheet as per				
EQUITY AND LIABILITIES				
Equity				
43 928 655	43 928 655		43 928 655	43 928 655
16 549 020	16 549 020		0	0
167 211	200 304		23 971 156	20 262 882
60 644 886	60 677 978		67 899 810	64 191 537
Liabilities				
Long-term liabilities				
0	0		98 925 000	104 525 000
0	0		98 925 000	104 525 000
Current liabilities				
0	0		829 980	1 108 140
111 221	0		0	19 619
0	0		662 409	901 092
15 789	9 337		243 387	344 752
127 010	9 337		1 735 776	2 373 603
127 010	9 337		100 660 776	106 898 603
60 771 896	60 687 315		168 560 586	171 090 140
TOTAL EQUITY AND LIABILITIES				

Haugesund, 30 April 2020


Johannes Østensjø
Chairman of the Board
/ CEO


Mark Norman Ras
Director


Finn G. Eckbo
Director



West Supply VII AS

Notes to the accounts 31.12.19

Principles of consolidation

The consolidated financial statements present the financial position and results of the group as one accounting unit. The consolidated financial statements include the parent West Supply VII AS and the subsidiaries West Supply VII Eier AS and West Supply VII Drift AS where the parent have direct or indirect controlling interest. All intercompany transactions and balances are eliminated.

Shares in subsidiaries are consolidated using the cost method. The cost of shares in subsidiaries is eliminated against the subsidiaries' equity at acquisition or formation. This means that the difference between cost price and net book value of assets of the subsidiary, at time of purchase, are allocated to the assets to which it relates. The part of the added value that can not be attributed to assets represents goodwill which is amortized over its estimated useful life.

Accounting principles

The financial statements have been prepared in accordance with the Accounting Act and generally accepted accounting principles.

Fixed assets

Tangible assets are capitalized and depreciated over the expected economic life. Direct maintenance costs are expensed as incurred, while improvements are allocated to the cost base of the relevant asset and depreciated with that asset. If the recoverable amount of the asset is lower than the carrying amount, the asset is written down to its recoverable amount. The recoverable amount is the higher of net selling price and value in use. Value in use is the present value of future cash flow that the asset is expected to generate.

Drydock / class cost of owned vessels are capitalized and depreciated steadily until the next drydocking. For new vessels, a share of the cost is decomposed and depreciated until the first drydock / classification. All new drydock / class cost from 2018 will be depreciated over 5 years.

Classification and valuation of current balance sheet items

Current assets and liabilities include items due for payment within one year from the date of acquisition. Other items are classified as fixed assets / long-term liabilities.

Current assets are valued at lower of cost or fair value. Current liabilities are recorded at nominal value at the time it is incurred.

Currency

Monetary items (assets, liabilities and bank deposits) in foreign currencies are converted at the exchange rate as on the balance sheet date. Balance sheet items of foreign subsidiaries are converted at the exchange rates as on 31.12.19. The exchange rate to Norwegian kroner is set to 8,8176 for the balance sheet date and 8,8025 as an average for the year. Foreign exchange gains and losses from monetary items that are part of the net investment in foreign entities are recognized directly in equity.

Receivables

Receivables are recorded at nominal value less realized and expected losses. Provisions for doubtful debts are made on the basis of individual assessment of each receivable.



Income tax and deferred tax

Income tax expense relates to the accounting result and comprises current tax and changes in net deferred taxes. Deferred tax expense results from temporary differences between the accounting value of assets and liabilities and their value for tax purposes. The tax effect is offset against any income tax expense, and the net is recorded in the financial statements. Deferred tax is recorded as long-term liabilities. To the extent that deferred tax assets exceed deferred tax liabilities, deferred tax assets are recorded in accordance with accepted accounting principles. One company in the group, West Supply VII Eier AS, require assessment pursuant to § 8-10 of the Tax Law - under the Tonnage Tax Regime. This was revised with effect from 2007 and means that the operation of vessels is not taxed, but certain financial income and expenses are subject to taxation.

Cash flow Analysis

The cash flow statement is prepared using the indirect method.

Operating revenues and expenses

Revenue from freight operations is recognised when earned, which would normally be in line with the operation of the vessel. Costs are recorded based on the matching principle, which means that the costs are included in the same period as the related revenues are recognized.

Hedge accounting

The Company uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risk. If the Company consider the hedge as effective, any gains or losses arising from changes in the fair value of the derivatives are considered as an off balance item. If considered hedge, accounting payments/expenses under the interest rate swap agreement are classified as financial income or expense.

All figures are in USD, unless otherwise stated in the individual note.

Note 1 - Vessel

	Vessel	Drydock	Total
Cost price	165 859 659	0	165 859 659
Allocated to future drydock	-1 190 618	1 190 618	0
Additions	1 186 568	0	1 186 568
Accumulated depreciation 01.01.19	-14 179 834	-792 937	-14 972 771
Additions/Disposal 2019	-41 846	0	-41 846
Depreciation 2019	-5 488 968	-164 556	-5 653 524
Book value 31.12.19	<u>146 144 961</u>	<u>233 125</u>	<u>146 378 086</u>

The depreciation schedule for the vessel is 30 years linear depreciation.

Since Edda Freya was delivered in 2016, a share of the cost was originally decomposed and depreciated over 36 months. The depreciation schedule for drydock was adjusted in 2018 until next main class in 2021, 5 years after delivery. The residual amount is depreciated over the remaining 41 months. New drydocking will be depreciated over 5 years

The offshore market has experienced a significant decline since 2015 on the basis of low oil prices. The market value has been obtained from two independent brokers. If the obtained market value indicates impairment of the book value of the vessel, an impairment test has been performed. The impairment test analysis employs estimate of future cash flows for the vessel to calculate the value in use.

The analysis takes into consideration the vessel's current charter and expected future contract, as well as utilization through the expected vessel usage time. In addition, the analysis takes into consideration the expected expenses for operation of the vessel, including estimated dry-docking costs.



Additional key assumptions in the analysis include the Weighted Average Cost of Capital (WACC), which is set to 8,8%. The usage period of the vessel is assumed to be 30 years after delivery. The value in use calculations are based on best estimate, and due to the current weak market, there is a high level of uncertainty in the calculation. The impairment test also includes a sensitivity analysis on the key assumptions. If the impairment analysis shows that the estimated value in use is lower than the book value of the vessel, an impairment is made to the highest recoverable amount of net sales and value in use.

For 2019 the broker values indicated a value above booked value for the vessel, and no other impairment indicators were identified. Based on that the Company did not perform a value in use calculation in 2019. A value in use calculation was done for the vessel in 2018, which showed significant headroom. The Company has assessed that the input in the calculation from prior year is still reasonable and valid, and supports the booked value as of 31.12.19.

As of 2019, depreciation of dry dock is classified as ordinary depreciation, in contrast to previous years when the cost was classified as other operating expenses. Comparative figures in the Profit & Loss statement takes this change into account.

Note 2 - Shares in subsidiaries

Parent	Share of ownership	Number of shares	Face value NOK	Book value USD
West Supply VII Eier AS	100 %	5 700	66 030	60 477 675
West Supply VII Drift AS	100 %	30	1 000	5 114
Total				60 482 789

The Company own shares in vessel owning subsidiary. Write down on shares in subsidiary has been evaluated based on the underlying impairment process of the vessel in the subsidiary. The Group's vessel operate on a long term contract in the offshore market. Market value has been obtained from two independent brokers. If the obtained market value indicates impairment of the book value of the vessel, an impairment test has been performed.

For 2019 the broker values indicated a value above booked value for the vessel, and no other impairment indicators were identified.

Note 3 - Equity

Parent

Share capital and shareholder information

Figures in NOK

Share capital	Number of shares	Face value NOK	Book value USD
Ordinary shares	5 700	66 030	43 928 655

All shares give equal rights in the company. Members of the board is in control of 97 % of the shares.

Shareholders	Number of shares	Share of ownership
Johannes Østensjø dy AS	2 907	51 %
MCO 4 AS	1 482	26 %
Forenede Industrier Shipping AS	1 140	20 %
Smedasundet Offshore AS	171	3 %
Total	5 700	100 %



Changes in equity

Parent

	Share capital	premium reserve	Retained earnings	Total equity
Equity 01.01.2019	43 928 655	16 549 020	167 211	60 644 885
Profit for the year	0	0	33 093	33 093
Equity 31.12.19	43 928 655	16 549 020	200 304	60 677 978

Group

Equity 01.01.2019	43 928 655	0	20 262 881	64 191 536
The Group's result in 2019	0	0	3 708 273	3 708 273
Equity 31.12.19	43 928 655	0	23 971 154	67 899 810

Note 4 - Intercompany

Parent

Debt to group companies - short-term	31.12.2019	31.12.2018
Johannes Østensjø dy AS	0	19 620
West supply VII Drift AS	0	46 007
West supply VII Eier AS	0	45 595
Total	0	111 221

Group

Debt to group companies - short-term		
Østensjø Rederi AS	435 740	0
Johannes Østensjø dy AS	0	19 620
Total	435 740	19 620

Note 5 - Mortgages and guarantees

Parent

West Supply VII AS guarantees for the bank debt in its subsidiary West Supply VII Eier AS of USD 98,925,000.

Book value of pledged assets:	31.12.2019	31.12.2018
Shares in West Supply VII Eier AS	60 477 675	60 477 675
Shares in West Supply VII Drift AS	5 114	5 114
Total	60 482 789	60 482 789

Group

Pledged debt	98 925 000	104 525 000
Liabilities due more than five years after year-end	0	0

Book value of pledged assets

Vessel	146 378 086	152 073 456
Trade debtors	4 278 016	4 945 968
Other receivables	474 162	343 559
Total pledged assets	151 130 264	157 362 983



Guarantees

West Supply VII AS guarantees for the bank debt in its subsidiary West Supply VII Eier AS of USD 98,925,000.

The shareholders of West Supply VII AS, Johannes Østensjø dy AS, MCO 4 AS, Industrier Shipping AS and Smedasundet Offshore AS, provide pro rata guarantees amounting to USD 49,462,500 for the bank debt in the Group. These guarantees are counter guaranteed by Johannes Østensjø dy AS, Smedasundet Offshore AS, Forenede Industrier Holding AS and Maas Capital Offshore BV.

West Supply VII Drift AS guarantees for the bank debt in its sister company West Supply VII Eier AS of USD 98,925,000.

Interest rate swap agreements

The group has entered into four interest rate swap agreements. The interest rate swap agreements are considered as hedge accounting, any changes in fair value from the derivatives are considered as an off balance item.

Total notional amount under agreement one is 16,575,000 with termination date on November 26, 2021. The market value of agreement one is 165,665 excluding accrued interest as of December 31, 2019.

Total notional amount under agreement two is 11,634,375 with termination date on August 25, 2021. The market value of agreement two is -54,696 excluding accrued interest as of December 31, 2019.

Total notional amount under agreement three is 16,575,000 with termination date on September 1, 2021. The market value of agreement three is 91,103 excluding accrued interest as of December 31, 2019.

Total notional amount under agreement four is 11,634,375 with termination date on August 25, 2021. The market value of agreement four is -53,967 excluding accrued interest as of December 31, 2019.

Note 6 - Remuneration

Parent

The company has no employees and is therefore not obliged to follow the Act on Mandatory Occupational Pensions.

Remuneration to board members amounts to USD 49,045 in 2019.

Audit fee for 2019 amounts to USD 1,472 for statutory audit and USD 0 for consulting services (ex. VAT).

Group

The group has no employees and is therefore not obliged to follow the Act on mandatory occupational pensions. All crew are hired from sub-contractors.

Remuneration to board members amounts to USD 49,045 in 2019.

Audit fee for the Group in 2019 amounts to USD 14,468 for statutory audit and USD 4,508 for consulting services (ex. VAT).



Note 7 - Taxes

Parent

	2019	2018
Ordinary result before taxes	42 430	68 619
Permanent differences	11	29
Tax loss utilized	0	0
Net taxable income	42 441	68 648
Tax payable, 22 % / 23 %	9 337	15 789
Tax loss carried forward	0	0

	31.12.2019	01.01.2019	Change
Temporary differences			
Tax loss carried forward	0	0	0
Basis for deferred tax	0	0	0
Deferred tax asset, 22%	0	0	0
Deferred tax asset	0	0	0

Income tax expense

Income tax on taxable income	9 337	15 789
Change in deferred tax	0	0
Total tax income	9 337	15 789

Group

West Supply VII Eier AS is taxed in accordance with the Tax Act §8-10 (Tonnage tax)

	2019	2018
Taxable income tonnage tax		
Interest Income	942 767	163 087
Revenue addition due to high equity	0	0
Currency differences	-170 012	-374 612
Interest expenses	-330 402	-421 462
Other financial expenses	-64 052	-1 798 384
Taxable income tonnage tax	378 301	-2 431 371

Applied tax loss this year -378 301 0

Tax payable, tonnage tax 0 0

Short-term tax liability

Taxable income in companies under ordinary tax regime	1 106 303	1 498 924
Taxable income in companies under tonnage tax regime	0	0
Total taxable income	1 106 303	1 498 924
Short-term tax liability, 22 % / 23 %	243 387	344 752

	31.12.2019	01.01.2019	Change
Temporary differences ordinary tax regime			
Tax loss carried forward	0	0	0
Conversion difference	0	0	0
Basis for deferred tax	0	0	0
Deferred tax asset, 22 %	0	0	0
Deferred tax asset	0	0	0

Income tax expense

Tax payable	243 387	344 752
Change in deferred tax	0	0
Total income tax expense	243 387	344 752



Note 8 - Subsequent events

Covid-19 and reduced oil price

The outbreak of virus Covid-19 as well as significant reduction in oil prices in the first quarter of 2020 will affect the Company's operations in 2020 and beyond. The extent and effects of this will depend on further developments, and it is not possible to estimate the effect of this at present time.

The Company operates within a market where oil prices are a significant indicator of activity levels. The Group's vessel is assessed annually for impairment based on an expectation of future cash flows, which include estimates for future utilization and expected market rates. A change in these assumptions will affect the fair value of the vessel. If oil prices continue to be at a low level for an extended period, this could affect revenues, and also increase the credit risk related to accounts receivable.

The Group is closely monitoring the developments related to the Covid-19 outbreak, and makes ongoing assessment and measures to minimize the impact on the Company's operations and financial results.



West Supply VII AS

Cash flow Statement

West Supply VII AS		Group	
Figures in USD		Figures in USD	
2018	2019	2019	2018
Cashflow from operations			
68 619	42 430	3 951 660	857 067
-24 394	-15 789	-344 752	-42 017
0	0	5 653 524	5 653 524
-109 384	81 501	389 793	344 673
241 052	-111 515	-388 905	-766 730
175 893	-3 373	9 261 321	6 046 517
Cashflow from investments			
0	0	41 846	0
0	0	0	0
0	0	41 846	0
Cashflow from financing			
0	0	0	0
0	0	-5 600 000	-3 800 000
0	0	0	0
0	0	-5 600 000	-3 800 000
175 893	-3 373	3 703 166	2 246 517
5 742	181 635	13 727 155	11 480 638
181 635	178 263	17 430 321	13 727 155



WEST SUPPLY VII AS

DIRECTOR'S REPORT 2019

Operation and location

West Supply VII AS Group (the Group) consists of the parent company West Supply VII AS (the Company) and its two subsidiaries West Supply VII Eier AS and West Supply VII Drift AS. The Company has no other business than investment in the two subsidiaries.

The business of the Group is to own and operate vessels. The Group owns and operates one offshore construction vessel, Edda Freya. Edda Freya is on a long-term charter party to DeepOcean AS.

The Company is located in Haugesund, Norway, and has a management agreement with Østensjø Rederi AS.

Future development and market conditions

Edda Freya operates in the offshore market, primarily within the oil and gas sector but also servicing the offshore wind market. The offshore oil and gas market has been challenging over a longer period. The charter party between West Supply VII Drift AS and DeepOcean AS was renegotiated and amended during 2019 and the bareboat charter between West Supply VII Drift AS and West Supply VII Eier AS was amended as a consequence. Although showing signs of improvement during 2019 and going into 2020, the market is expected to remain challenging going forward based on the recent drop in oil prices and expectations of reduced investments in the years to come.

The recent Covid-19 outbreak has led to considerable uncertainty and it is at the present point in time not possible to predict to what extent the Company and the Group will be affected by the virus both short and longer term. The Company is, however, closely monitoring the situation and continuously evaluating measures to be taken to reduce the business impact the virus may cause.

Going concern

In accordance with the Accounting Act §3-3, the Board of Directors confirms that the annual accounts have been prepared on the assumption that the Company is a going concern.

Comments related to the Financial Statement

In the opinion of the Board of Directors, the information in the financial statements, including the notes, gives a complete and comprehensive overview over the Company's and the Group's development and result during 2019, in addition to the financial position at year-end.

The result for 2019 shows a profit of USD 33,093 for the Company and USD 3,708,273 for the Group. In 2018, the Company reported a profit of USD 52,830 and the Group USD 512,315.

As per 31 December 2019 the Company's equity ratio was 100%, and the Group's consolidated equity ratio was 40.3%.



The Group's current assets at 31 December 2019 were USD 22,182,501, whilst the current liabilities were USD 1,735,776.

The Board of Directors is not aware of any circumstances occurring after year-end 2019 with relevance to the assessment of the financial statements.

Financial risk

Credit risk:

The credit risk of the Company is considered moderate. The Company's only client is experiencing a challenging market with low activity and have been late with payments from time to time. The charter party with the end client was amended with reduced charter hire in 2019 giving the end client somewhat increased financial flexibility. The counter party risk is considered moderate but increasing.

Market risk:

The Company's market risk is limited. The Group's only vessel is on a time charter party to DeepOcean AS until September 2022.

The Group's revenue is in US dollar (USD). The bank debt of the Group is in USD. The operating and crew expenses are a mix of Norwegian kroner (NOK) and USD, with the majority being in NOK. Thus, the currency exposure is considered moderate.

Approx. 60% of the Group's bank debt has a fixed interest rate. Remaining bank interest is floating and causes some risk related to changes in the USD interest level.

Liquidity risk:

The Board of Directors considers the Group's liquidity risk as satisfactory. The Group has a positive working capital. Further, the Group's cash position and the cash flow from the charter party is sufficient to cover its financial liabilities.

Working environment and gender equality

The company has no employees, and all board members are male.

External environment


The Group owns and operates an offshore construction vessel. This operation includes risks of contamination. The Vessel fulfils all requirements set by national regulations, and the Board of Directors is not aware of spills or pollution to the external environment beyond normal operations.



Allocation of result

The Board of Directors has proposed the result of the Company to be transferred to other equity.

31 December 2019
Haugesund, -----
30 April 2020


Johannes Østensjø
Chairman of the Board
/ CEO


Mark Norman Ras
Director


Finn Olaf Eckbo
Director



Building a better
working world

Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, NO-5006 Bergen
Postboks 6163, NO-5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

Fax:
www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of West Supply VII AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of West Supply VII AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheets as at 31 December 2019, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

A member firm of Ernst & Young Global Limited

Pernteo Dokumentnøkkel: JU1:65-AF52-a-CGBPF-ZEL00-X02U0-FJERA



going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Independent auditor's report - West Supply VII AS

A member firm of Ernst & Young Global Limited

Remno Dokumentnummer: 1/1165-AF524-GCBPF-ZEL00-X02U/0-FJEB4



Building a better
working world

3

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Bergen, 20 May 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Øyvind Nore
State Authorised Public Accountant (Norway)

Penneo Dokumentnr: 1U765-AF534-G688PF-ZEIQ0-XU2U0-FJEB8

Independent auditor's report - West Supply VII AS

A member firm of Ernst & Young Global Limited



PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™" sikker digital signatur.
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Øyvind Nore

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5994-4-485745

IP: 84.211.000.000

2020-05-20 12:47:08Z



Penneo Dokumentnøkkel: 1U76S-4F524-GGBPF-ZELQ0-X02U0-FJEB4

Dokumentet er signert digitalt, med Penneo.com. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av Penneo e-signature service <penneo@penneo.com>. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validate>



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 14.10.2015	Vår dato 19.10.2015
Telefon 22078139	Deres referanse Håvard Framnes	Vår referanse 2015/997974

ØSTENSJØ REDERI AS
Postboks 394
5501 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

- Vi viser til deres brev av 14. oktober 2015 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

West Supply VII AS	org. nr. 912 700 836
West Supply VII Eier AS	org.nr. 912 700 879
West Supply VII Drift AS	org.nr. 912 700 844

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

West Supply VII AS er holdingselskap for West Supply VII Eier AS og West Supply VII Drift AS. Hovedaksjonær er Johannes Østensjø Dy AS med 51 %. Videre er selskapene eid av et utenlandsk selskap med 26 %. Andre selskap i Østensjø Rederi konsernet har tidligere fått tillatelse til å benytte engelsk språk. Selskapene driver med rederivirksomhet. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Selskapene benytter også engelsk som arbeidsspråk. Det er heller ingen forhold rundt selskapets finansiering som skulle tilsi behov for regnskap på norsk – bankforbindelser etterspør kun informasjon på engelsk. Den norske versjonen utarbeides kun for å tilfredsstille regnskapsloven.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal årsregnskapet og årsberetningen være på norsk. Departementet kan ved enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr. 996250318
E-post: skatteetaten.no/sendepost

Sentraltbord
800 80 000
Telefaks
22 17 08 60



Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at hovedaksjonær eier 51 % og at andre selskaper i konsernet tidligere har fått tilvarende dispensasjon. 26 % av aksjene er eid av et utenlandsk selskap. Videre er det vektlagt at sentrale aktører og samarbeidspartnere innen bransjen behersker og benytter engelsk og at selskapet benytter engelsk som arbeidsspråk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer